GOVERNMENT OF INDIA
FINANCE
LOK SABHA

STARRED QUESTION NO:191
ANSWERED ON:01.12.2000
NABARD LOAN FOR AGRICULTURAL SECTOR
SHANKERSINH VAGHELA

Will the Minister of FINANCE be pleased to state:

(a) the amount of advances provided by the NABARD for agricultural sector to State Cooperative Banks from April 1, 1997 to March 31, 2000, year-wise;

(b) the total advances given to the farmers from the amount mentioned above;

(c) whether only a meagre amount of advances are met by NABARD for agricultural sector; and

(d) if so, the steps taken by the Government to provide adequate finance to agricultural sector?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI BALASAHEB VIKHE PATIL) :

(a) (i) The details of short-term refinance provided by NABARD to State Cooperative Banks (SCBs) for financing seasonal agricultural operations are as given below:

(Rs. Crore)

Year	ST (SAO) Credit Limits Sanctioned	Outstanding borrowings	Maximum of Utilisation	Percentage
1997-98	5210.03	4446.76	85.3	
1998-98	5993-99	4498.01	75.0	
1999-2000	6094.51	4951.45	81.2	

(ii) The amount of refinance provided by NABARD to State Cooperative Banks (SCBs) under investment credit during 1997-98, 1998-99 and 1999-2000 is Rs. 333.54 crores, Rs. 340.84 crores and Rs. 460.10 crores respectively under agriculture sector.

(b) NABARD`s support to banks is by way of refinance, whereby banks disburse credit and thereafter claim refinance. Cooperative Banks add their own resources also to refinance given by NABARD, for lending to their constituents.

(c) The share of NABARD`s refinance to ground level credit flow to agriculture sector for last 3 years is given below :

(Rs. Crore)

Year	Total credit flow to Agriculture Sector from commercial banks, cooperative banks and RRB`s	NABARD`s Refinance	Share of NABARD`s Refinance
1997-98	31956	922	31%

1998-99 36897 10747 29%

1999-2000 41764 11842 28%

$ Provisional. Estimated.

(d) In our country a multi-agency approach for dispensing agriculture credit is in operation through a wide network of branches of commercial banks, cooperative banks and Regional Rural Banks. The ground level flow of credit to agriculture sector has increased from Rs. 31,956 crores in 1997-98 to Rs. 41,764 crore in 1999-2000. This is expected to go upto Rs. 51,460 crore during the current year. The Reserve Bank of India and NABARD have taken several measures to further strengthen the flow of credit to farmers. Some of these are:

(i) Introduction of cash credit facility for meeting composite credit requirements of farmers having good track record;

(ii) Introduction of the Kisan Credit card Scheme for agricultural borrowers;

(iii) Banks have been advised to open specialized agricultural branches to take care of financing of high-tech agricultural projects;

(iv) RBI has introduced simplification of loan applications, delegation of powers to branchmanagers, introduction of composite cash credit limit to farmers, introduction of new loan products, cash disbursement of loans, discretion to banks on matters relating to margin/ security requirements for loans above Rs.10,0007- and dispensing with ``No Dues Certificates` as a compulsory requirement;

(v) Any shortfall in the target of lending to agriculture has to be contributed to Rural Infrastructure Development Fund (RIDF) which has been established with NABARD for assisting Slate Governments and State-owned Corporations in quick completion of on-going projects relating to rural infrastructure.